



## DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT

### **Funding Highlights:**

- Provides \$47.6 billion for Department of Housing and Urban Development (HUD) programs, an increase of \$4.2 billion, or 9.7 percent, above the 2012 enacted level. Over 90 percent of this funding increase is used to maintain current levels of rental and homelessness assistance for vulnerable families. The Budget also makes investments to revitalize high-poverty neighborhoods, reduce blight in communities hardest hit by the foreclosure crisis, and support sustainable economic development. Savings are achieved through reduced funding for new affordable housing construction and reforms to the Department's rental assistance programs that do not reduce the number of families served.
- Includes \$37.4 billion to provide rental housing assistance to 4.7 million low-income families and \$2.4 billion to continue progress toward the Administration's goal to end chronic homelessness and homelessness among veterans and families.
- Provides \$400 million to transform neighborhoods with distressed HUD-assisted housing and concentrated poverty into opportunity-rich, mixed-income neighborhoods. This investment reflects the President's commitment to creating ladders of opportunity in high-poverty Promise Zones across the United States.
- Maintains support for housing counseling services, including assistance for families in danger of foreclosure, and continues to offer loss mitigation solutions for Federal Housing Administration-insured borrowers. The Budget also includes actions to reduce the Federal Housing Administration's exposure to risk and proposes reforms to strengthen its programs, which continue to play a critical role in the national mortgage market.
- Provides \$3 billion for the Community Development Block Grant program and neighborhood stabilization activities, including \$200 million in new competitive funding to further reduce and repurpose vacant and blighted properties and create jobs in communities hardest hit by the foreclosure crisis. The Budget also continues to support an investment of \$15 billion for the Project Rebuild program to bring neighborhood stabilization to national scale.
- Includes \$75 million to help communities develop comprehensive housing and transportation plans that increase transit-accessible housing, reduce energy consumption and greenhouse gas emissions, and expand economic opportunities.

- Expands the Moving to Work Program to test innovative, locally-driven rental assistance policies to achieve positive outcomes for families, streamline program administration, and reduce Federal costs. To build evidence of what works, this expansion is accompanied by rigorous reporting and evaluation requirements.
- Provides \$726 million to address the housing needs of Native American Tribes and \$332 million for a modernized Housing Opportunities for Persons with AIDS program that will target funds to areas with the highest need.
- Reduces funding for the HOME Investment Partnerships program. The Budget mitigates this reduction by providing \$1 billion to capitalize the Housing Trust Fund to expand the supply of housing targeted to very-low income families.
- Reduces costs in HUD's core Rental Assistance programs by simplifying administration of the medical expense deduction, better targeting rental assistance to the working poor, and setting more equitable Public Housing rents.

The Department of Housing and Urban Development (HUD) supports home ownership, access to affordable housing free from discrimination, and community development. The President's Budget provides \$47.6 billion for HUD programs to support these efforts, an increase of \$4.2 billion over the 2012 enacted level. Increases are provided to protect vulnerable families and support community-centered investments, including funding to revitalize neighborhoods with distressed HUD-assisted housing and concentrated poverty. To build evidence of what works, State and local public housing authorities are offered program flexibilities in exchange for designing and rigorously evaluating innovative programs and policies. The constrained fiscal environment also forced tough choices, including funding reductions to programs that increase the supply of affordable housing.

### ***Provides Housing Assistance to Vulnerable Families***

**Supports Affordable Rental Housing for 4.5 million Families.** The Budget includes \$20 billion for the Housing Choice Voucher program to help more than 2.2 million low-income families

afford decent housing in neighborhoods of their choice. This funding level supports all existing vouchers and provides 10,000 new vouchers targeted to homeless veterans. The Budget also includes \$10.3 billion for the Project-Based Rental Assistance program to maintain affordable rental housing for 1.2 million families, and provides \$6.6 billion in operating and capital subsidies to preserve affordable public housing for an additional 1.1 million families. An additional \$10 million for the Rental Assistance Demonstration will be targeted to Public Housing properties in high-poverty neighborhoods, including designated Promise Zones, where the Administration is also supporting comprehensive revitalization efforts.

**Makes Progress on the Federal Strategic Plan to Prevent and End Homelessness.** The Budget provides \$2.4 billion for Homeless Assistance Grants, \$480 million above the 2012 enacted level. This funding maintains the approximately 325,000 HUD-funded beds that assist the homeless nationwide and expands rapid re-housing and permanent supportive housing. Backed with new data and emerging best practices across the United States, this evidence-based investment will make further progress toward the goals laid out in the Federal Strategic Plan.

***Supports the Housing Sector and Invests in High-Poverty Communities and Sustainable Economic Development***

**Transforms Distressed HUD-Assisted Housing and High-Poverty Neighborhoods.**

The Budget provides \$400 million for Choice Neighborhoods to continue to transform neighborhoods of concentrated poverty into opportunity-rich, mixed-income neighborhoods. This funding level, which is \$280 million above 2012 enacted, will be used to revitalize HUD-assisted housing and surrounding neighborhoods through partnerships between local governments, housing authorities, nonprofits, and for-profit developers. A portion of these funds will be targeted to designated Promise Zones—high-poverty communities where the Federal Government will work with local leadership to invest and engage more intensely to create jobs, leverage private investment, increase economic activity, reduce violence and expand educational opportunities. To further support Promise Zones, the Budget includes companion investments of \$300 million in the Department of Education’s Promise Neighborhoods program and \$35 million in the Department of Justice’s Byrne Criminal Justice Innovation Grants program, as well as tax incentives to promote investment and economic growth.

**Supports the Mortgage Market and Helps Borrowers Who are at Risk of Foreclosure.**

The Administration projects that the Federal Housing Administration (FHA) will insure \$178 billion in mortgage loans in 2014, supporting new home purchases and refinanced mortgages that significantly reduce borrower payments. FHA financing was used for 27 percent of home purchase loans in 2011, including an estimated 41 percent of first-time homeowners. FHA’s loss mitigation program minimizes the risk of financially struggling borrowers going into foreclosure, and since the start of the mortgage crisis, it has helped more than a million homeowners. Recent increases in FHA premium levels will boost FHA’s capital reserves and increase Federal revenues. The Budget also includes \$132 million for housing and homeowner counseling through

HUD and the Neighborhood Reinvestment Corporation (NeighborWorks). Over half of these funds are dedicated to foreclosure assistance. NeighborWorks’ National Foreclosure Mitigation Counseling program has assisted over 1.4 million households since its inception in 2008.

**Invests in Community Development and Neighborhoods Most Affected by Foreclosures.**

The Budget provides \$3 billion for the Community Development Block Grant (CDBG) program and neighborhood stabilization activities, and proposes reforms to better target CDBG investments to address local community development goals. This funding level includes \$200 million in new competitive funds to continue mitigating the impacts of the foreclosure crisis. This funding will provide essential new resources to help communities hardest hit by the foreclosure crisis while creating jobs through rehabilitating, repurposing, and demolishing vacant and blighted properties. The Budget also continues to support the \$15 billion Project Rebuild program, which will leverage private capital to bring the benefits of neighborhood stabilization to national scale.

**Supports Strategic Housing and Infrastructure Planning and Investments.**

As part of the Administration’s multiagency partnership between HUD, the Department of Transportation, and the Environmental Protection Agency, the Budget provides \$75 million in Integrated Planning and Investment Grants to create incentives for communities to develop and implement comprehensive housing and transportation plans, such as updates to building codes, land use and zoning ordinances, that result in more resilient economic development, reduce energy consumption and greenhouse gas emissions, and increase affordable housing near public transit. This funding will support about 30 additional regional and neighborhood planning and implementation grants to enable communities to align public and private investments in housing, transportation, and infrastructure. These efforts also align with a broader Administration commitment to help communities improve their resilience to extreme weather and other climate change impacts through direct

technical assistance, data and tools on projected impacts, and other support.

***Improves the Way Federal Dollars are Spent and Builds Evidence of What Works***

**Expands the Moving to Work (MTW) Program with Strong Reporting and Evaluation Requirements.** The Budget proposes to scale up the MTW program, which gives high-performing state and local Public Housing Authorities (PHAs) various flexibilities in their use of Housing Choice Voucher and Public Housing funds. In exchange for this flexibility, PHAs will help design and test innovative policies to support self-sufficiency and other positive outcomes for families, streamline and consolidate program delivery, and reduce long-term costs. In addition, PHAs will report on outcomes associated with their MTW activities, and those that choose to implement work requirements, time limits on assistance, or major rent reform initiatives will participate in rigorous evaluations.

**Reforms the Housing Opportunities for Persons with AIDS (HOPWA) Program.** The Budget proposes to update the HOPWA program to better reflect the current case concentration and understanding of HIV/AIDS and ensure that funds are directed in a more equitable and effective manner. This modernization includes a new formula that will distribute HOPWA funds based on the current population of people living with HIV/AIDS, fair market rents, and poverty rates in order to target funds to areas with the most need. It also makes the program more flexible, giving local communities more options to provide targeted, timely, and cost-effective interventions. The Budget's \$332 million investment in HOPWA, in combination with the proposed modernization, will assist local communities in keeping individuals with HIV/AIDS housed, making it easier for them to stay connected to treatment, and therefore improving health outcomes for this vulnerable population.

**Supports a New Source of Funding for Innovative Homeless Programs.** The Administration's proposed Civilian Property Realignment Act will help consolidate, reduce, and realign the Federal civilian real estate footprint, as well as expedite the disposal of properties. At the same time, acknowledging the long-standing role of homeless assistance in real property management, the Administration supports the use of revenue created by the proposed Board's action to help prevent and end homelessness. One way to accomplish this would be to allocate up to five percent of the future profits from these real estate sales toward innovative homelessness programs. These funds could potentially be aligned with and distributed through HUD's existing Continuum of Care structure, and could be used in a variety of ways, including possible "Pay for Success" projects that would make Federal payments only upon achievement of clearly defined outcomes.

***Makes Tough Choices***

**Reduces Funding for the HOME Investment Partnerships Program.** The Budget provides \$950 million for the HOME Investment Partnerships Program, five percent below the 2012 enacted level. At this funding level, HOME will provide grants to State and local governments to supply almost 40,000 additional units of affordable housing for low-income families. This funding reduction is mitigated by the investment of \$1 billion in mandatory funding for the Housing Trust Fund to finance the development, rehabilitation, and preservation of affordable housing for extremely-low income families.

**Limits Funding for New Housing Construction.** The Budget provides a total of \$526 million for the Housing for the Elderly and Housing for Persons with Disabilities programs, \$14 million below the 2012 enacted level. This funding level will support all 150,000 existing units in these programs, and includes \$40 million for additional supportive housing units.

These investments also directly support research that will build our understanding of the intersection between supportive housing and health care costs, and help identify what works best in allowing seniors to age-in-place.

